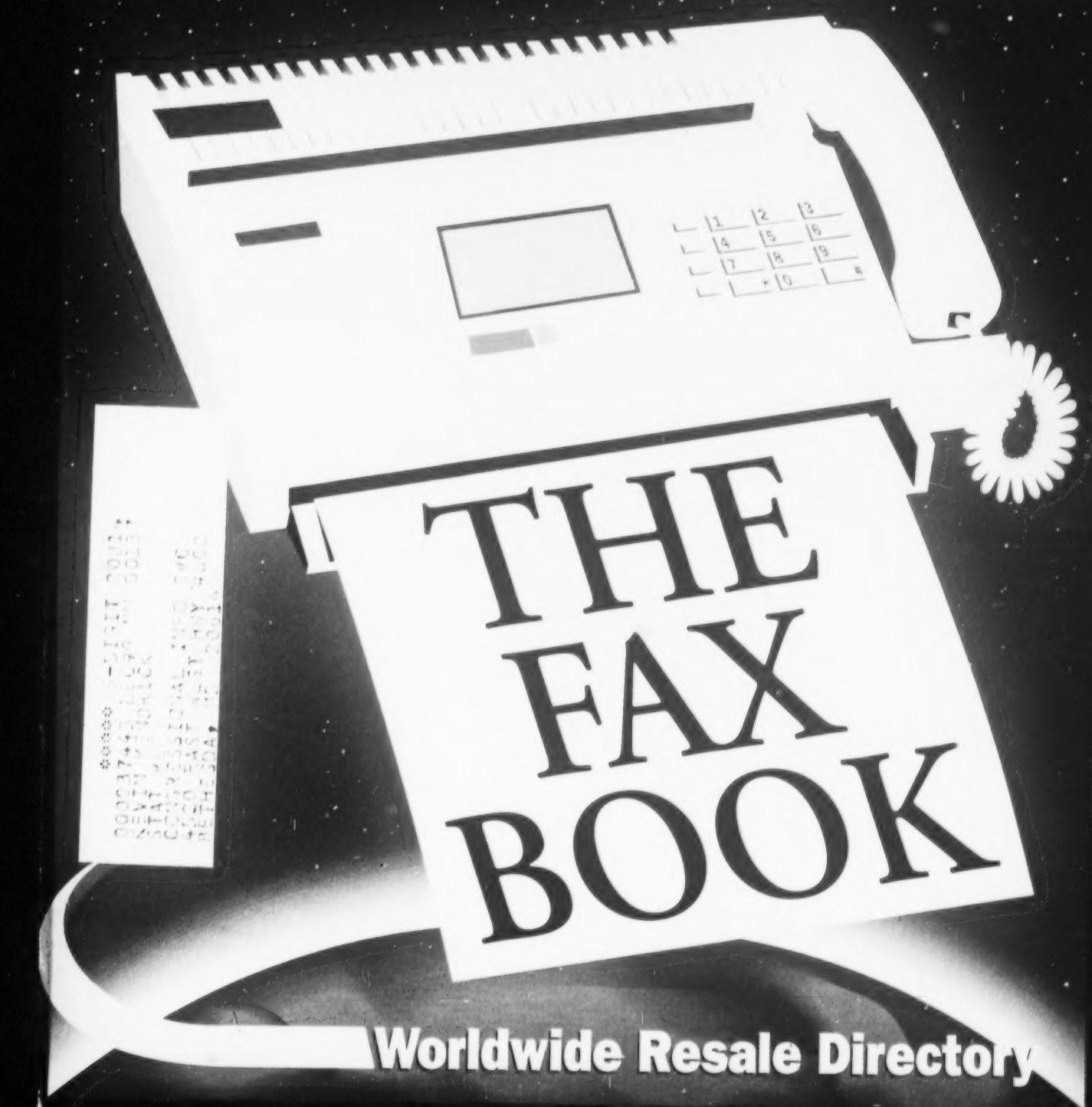
Mid-year Updates from the Commanders

Military Market

MAGAZINE FOR THE MILITARY RESALE SYSTEM | ARMY TIMES PUBLISHING COMPANY | JULY 1992 | $15.00



THE FAX BOOK

Worldwide Resale Directory

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We've gone worldwide for fax, facts, and more.— 40

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COVER ART and DESIGN by JOANNE OSTENDORF

Military Market
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MILITARY MARKET (USPS 911-580): Published 12 times a year by the Army Times Publishing Co., Springfield, VA 22159-0210. Single copies: $10; except January, July issues: $25 each. Subscriptions: 1 year, $84; 2 years, $144; 1 year, outside U.S. via airmail, $254. Second class postage paid at Springfield, Va., and additional mailing offices.
POSTMASTER: Send address changes to Military Market Magazine, Circulation Department, Springfield, VA 22159-0215.

Military Market Index

COMMISSARIES

		MARCH				YEAR-TO-DATE			
		CY '91	CY '92	PERCENT CHANGE	AVERAGE SALES	CY '91	CY '92	PERCENT CHANGE	STORES
CENTRAL	CONUS	$79,753	$72,825	-8.69	$1,776	$218,652	$218,185	-0.21	41
	OVERSEAS	353	371	+5.02	371	990	1,126	13.75	1
	TOTAL	**80,106**	**73,196**	**-8.63**	**1,743**	**219,642**	**219,310**	**-0.15**	**42**
MIDWEST	CONUS	90,008	78,472	-12.82	1,868	246,766	236,406	-4.20	42
	OVERSEAS	0	0	–	0	0	0	–	0
	TOTAL	**90,008**	**78,472**	**-12.82**	**1,868**	**246,766**	**236,406**	**-4.20**	**42**
NORTHEAST	CONUS	74,615	65,495	-12.22	1,455	204,565	195,649	-4.36	45
	OVERSEAS	72	75	+3.74	75	201	222	+9.96	1
	TOTAL	**74,687**	**65,569**	**-12.21**	**1,425**	**204,767**	**195,870**	**-4.34**	**46**
SOUTHERN	CONUS	95,704	84,401	-11.81	1,758	262,384	253,324	-3.45	48
	OVERSEAS	5,114	6,069	+18.67	1,214	14,340	18,004	+25.56	5
	TOTAL	**100,819**	**90,470**	**-10.26**	**1,707**	**276,723**	**271,328**	**-1.95**	**53**
SOUTHWEST	CONUS	94,822	86,387	-8.90	1,661	259,965	258,374	-0.61	52
	OVERSEAS	0	0	–	–	0	0	–	0
	TOTAL	**94,822**	**86,387**	**-8.90**	**1,661**	**259,965**	**258,374**	**-0.61**	**52**
NORTHWEST/ PACIFIC	CONUS	23,443	22,311	-4.83	1,716	64,271	65,882	+2.51	13
	OVERSEAS	40,276	46,868	+16.37	1,090	112,926	139,515	+23.54	43
	TOTAL	**63,719**	**69,179**	**+8.57**	**1,235**	**177,198**	**205,397**	**+15.91**	**56**
EUROPE	CONUS	0	0	–	–	0	0	–	0
	OVERSEAS	54,253	57,616	+6.20	505	152,113	175,497	+15.37	114
	TOTAL	**54,253**	**57,616**	**+6.20**	**505**	**152,113**	**175,497**	**+15.37**	**114**
TOTAL COMMISSARIES	CONUS	$458,346	$409,891	-10.57	$1,701	$1,256,603	$1,227,820	-2.29	241
	OVERSEAS	$100,068	$110,998	+10.92	$677	$280,570	$334,363	+19.17	164
	TOTAL	**$558,414**	**$520,888**	-6.72	**$1,286**	**$1,537,173**	**$1,562,183**	**+1.63**	**405**
GROCERY STORES	*U.S. 1*	*$29.267bil.*	*$28.521bil.*	*-2.55%*	–	*$82.601bil.*	*$84.418bil.*	*+2.20%*	–

EXCHANGES

		MARCH			YEAR-TO-DATE		
		CY '91	CY '92	PERCENT CHANGE	CY '91	CY '92	PERCENT CHANGE
AAFES	CONUS	$344,466	$346,985	+0.73	$967,885	$957,533	-1.07
	OVERSEAS	270,539	231,582	-14.40	748,758	676,158	-9.70
	TOTAL	**615,005**	**578,567**	**-5.92**	**1,716,643**	**$1,633,691**	**-4.83**
MAIL ORDER	CONUS	1,514	1,304	-13.87	4,808	3,631	-24.48
	OVERSEAS	3,222	2,237	-30.57	10,097	5,920	-41.37
	TOTAL[1]	**4,736**	**3,541**	**-25.23**	**14,905**	**9,551**	**-35.92**
NAVY	CONUS[1]	127,807	127,543	-0.21	314,137	320,962	+2.17
	OVERSEAS[1]	56,398	58,700	+4.08	141,051	153,440	+8.78
	TOTAL[1]	**184,205**	**186,243**	**+1.11**	**455,188**	**474,402**	**+4.22**
MARINES CORPS	CONUS[2]	31,652	34,570	+9.22	80,411	94,987	+18.13
	OVERSEAS[2]	5,217	5,485	+5.14	12,889	16,200	+25.69
	TOTAL[2]	**36,869**	**40,055**	**+8.64**	**93,300**	**111,187**	**+19.17**
COAST GUARD	CONUS[3]	9,570	10,000	+4.49	28,253	30,000	+6.18
	OVERSEAS[3]	733	750	+2.32	2,173	2,250	+3.54
	TOTAL[3]	**10,303**	**10,750**	**+4.34**	**30,426**	**32,250**	**+5.99**
ALL EXCHANGES	CONUS	$515,009	$520,402	+1.05	$1,395,494	$1,407,113	+0.83
	OVERSEAS	$336,109	$298,754	-11.11	$914,968	$853,968	-6.67
	TOTAL	**$851,118**	**$819,156**	**-3.76**	**$2,310,462**	**$2,261,081**	**-2.14**
DEPARTMENT STORES	*U.S.[1]*	*$13.734bil.*	*$13.786bil.*	*+0.38%*	*$34.245bil.*	*$36.853bil.*	*+7.62%*

Note: Distribution of sales by CONUS and overseas is based on definition by respective region, service or system. Figures do not include sales tax. Figures in thousands unless otherwise indicated. 1) Source: U.S. Department of Commerce. 2) MM estimate, based on official data. 3) Includes consolidated sales for all services, including Coast Guard. 4) Does not include sales of ships stores; does include sales of Navy uniforms, exchange mart, grocery sales, and concession sales beginning with February of each year. For the Northwest/Pacific region, Alaska and Hawaii are listed in this index as overseas stores. NOTE: Individual figures may not add to totals because of rounding. Commissary sales include appropriate surcharges; exchange sales include concession volume. Distribution of sales by ConUS and overseas is based on definition by respective service and system.

DeCA BILL PAYING HEARINGS

Industry urges outside help for DeCA bill-paying

By DAVID CRAIG
Associate Editor

Industry representatives, testifying before a congressional panel, recommended that DeCA hire an independent accounting firm to settle the agency's persistent bill paying problem once and for all.

"Industry strongly recommends that DeCA hire an outside accounting firm to assist with the reconciliation [of bills] and resolve the backlog," American Logistics Association President Dick Murray testified at the June 11 hearing before the House Morale, Welfare and Recreation Panel.

Thomas McGough, general manager for military sales at Kraft General Foods, urged Congress to ask DeCA to pursue several goals. They include reducing overdue bills by Sept. 30 to preconsolidation levels, drafting a plan to eliminate overdue payments, developing and installing better computer equipment for stores and devoting more people to bill paying.

McGough, whose company is owed more than $17 million by DeCA, also recommended the agency pay its interest penalties according to the terms of the Prompt Payment Act.

"Were we to encounter similar ongoing payment problems with a private sector customer, we would have no choice but to insist upon C.O.D. [cash on delivery] payment or to cut off deliveries altogether," McGough said.

He acknowledged that KGF never considered such steps, that it "has continued to work with DeCA to resolve these problems."

In his opening statement, MWR panel Chairman Rep. H. Martin Lancaster, D-N.C., said, "The panel has learned of major violations [of the 1982 Prompt Payment Act] by the commissary system and millions of dollars in interest being paid and millions in lost discounts . . . .

"It is bureaucracy gone awry and chaos at its worst."

E. Colette Nelson, an official with the Small Business Legislative Council, accused the commissary agency of having "virtually suspended many elements of the Prompt Payment Act." DeCA has been insensitive to the concerns of financially struggling small businesses, she said.

DeCA's director, Army Maj. Gen. John Dreska, told the panel, "I personally think I'm in compliance with the act," and insisted he is concerned about small businesses. He said he has often called bankers himself to assure them the agency had paid its small vendors who borrowed money to cover their unpaid DeCA bills.

For small business, the bill paying crisis "is a matter of life or death," Nelson said.

In her prepared testimony, Nelson cited at least four separate incidents when small business contractors were mistreated by being told they might not get any further contracts with DeCA or warned they might have a fraud investigation started against them.

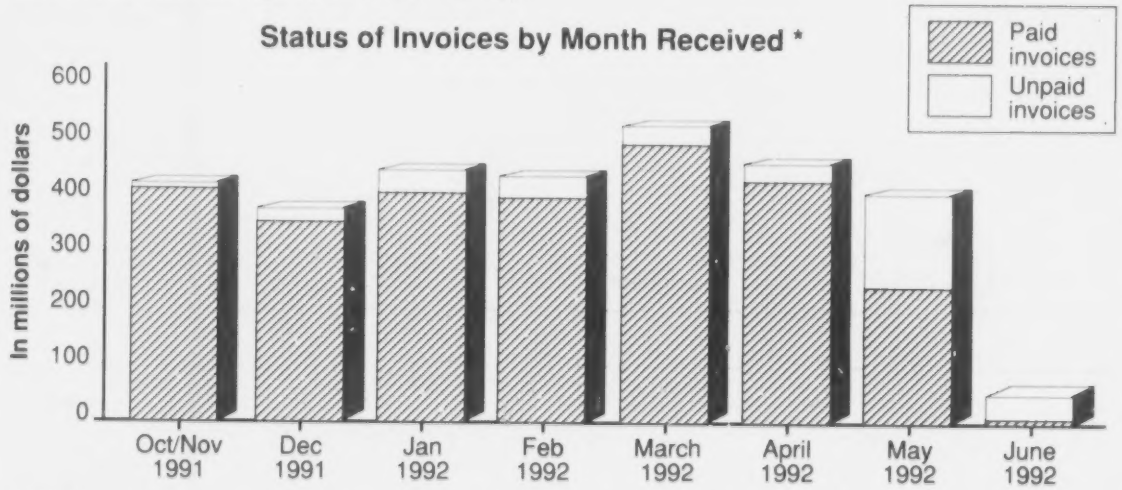
Lancaster expressed concern about Nelson's stories, saying, "One such incident is too many."

DeCA presented figures showing its bill backlog had dropped from $400 million in February to $141 million in June. The agency hopes to cut

(Continued, page 130)

Toward a Vanishing "Backlog"

Despite persistent bill-paying problems, the Defense Commissary Agency has reduced its backlog sixteen-fold since the agency's October start-up.



	Oct/Nov 1991	Dec 1991	Jan 1992	Feb 1992	March 1992	April 1992	May 1992	June 1992
Unpaid invoices **	10.7	15	40.1	34.5	34.7	38.7	163.6	46.4
Backlog reduced **	1.6	1.9	1.3	2.5	3	7.7	16.4	

*Through June 5, 1992 (Awaiting pay as of June 5 - $122 million) ** Represented in millions of dollars

Source: Defense Commissary Agency

Cristina Rivero for Military Market

CALENDAR

JULY

Early Bird Gift & Accessories Market, July 1–4, Chicago. *(312) 527-4141.*

Chicago Gift & Accessories Market, July 5–9, Chicago. *(312) 527-4141.*

Confectionary and Snack Foods Seminar, July 22, Boston. *NFBA, (202) 789-2844.*

AUGUST

Frozen Foods Conference, Aug. 9–11, Oak Brook, Ill. *NFBA, (202) 789-2844.*

AAFES Photo/Electronics Seminar, Aug. 16–21, Fort Worth, Texas.

SEPTEMBER

National Merchandise Show, September 12–15, New York. *Thalheim Expositions, (516) 627-4000.*

Chicago Fall Gift & Accessories Show, Sept. 20–23, Chicago. *(312) 527-4141.*

Exclusively HBA Show, Sept. 22–24, Denver. *(312) 726-5023.*

USAREUR MWR Expo, Sept 26–30, Heidelberg, Germany. *David Neves, 06221-160993.*

ALA Annual Convention, Sept. 30–Oct. 3, San Francisco. *ALA, (202) 466-2520.*

JUICES

(continued from page 20)

down 27.6 percent, I feel that you might have mentioned that this was primarily due to the withdrawal of a competitor's frozen pineapple juice.

By the way, shelf stable pineapple juice was up 2 percent in 1991 vs. 1990 and that growth was accomplished in a market that saw total shelf stable juices decline 2.8 percent.

The above casts a slightly different light on the performance of pineapple juice and blended frozen concentrated juices than was presented in the referenced article.

Mike McCormack
Military Sales Manager
Dole Packaged Foods Co.

• • •

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HEARING

(continued from page 16)

the backlog to $75 million by July 31 and to $40 million by fiscal year-end on Sept. 30.

Dreska, who said he considered hiring outside services to resolve the bill paying dilemma, told Congress he had decided against it. "I believe I have enough folks to get the job done," he said. He added that he used outside financial services while he worked at the Defense Logistics Agency; it took six months to train the firm for the job, he said.

But in his testimony, ALA Chairman Jim Graef observed, "Hiring an outside accounting firm could well be cheaper than paying the interest charges that DeCA will incur."

Graef also urged that DeCA issue one national contract number per manufacturer rather than having one for each of the agency's seven regions. Confusion over contract numbers has contributed greatly to the bill paying problems.

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CORRECTION

Due to incomplete information furnished to MILITARY MARKET, three names were missing from the list of DeCA Career Program Policy Board members published on page 37 of the June issue.

The three missing members are: Candido Corrada, director of the West Service Center; S. Dwight Hall, director of personnel and training; and Charles Wiker, director of the European Region.